

# ACCESS

T B L M A R K E T I N G B I - M O N T H L Y

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## Rural communities get benefits of fiber optic communications



From drum to tower, crews hang fiber optic cable on existing structures.

Businesses concerned about the quality of life for employees, as well as low overhead and competitive labor rates, look to rural areas to site new facilities. But, increasingly, those areas, while long on livability, fall short when it comes to the infrastructure needed to operate a large and modern business.

An important part of that infrastructure is a communications network that links local cities and businesses by high speed fiber optics to the world of business.

Bonneville's Transmission Business Line recently signed a first-ever agreement that puts fiber optic communications within reach of Oregon's

coastal communities. Fiber optics will help diversify economies and upgrade communications for schools, hospitals, libraries and other public services in these rural communities that have been hit hard by the loss of jobs in the fishing and timber industries.

Bob Barnes with TBL's business strategy and assessment department said that some commercial companies are not interested in these small markets, but for BPA it's much like the past when the agency electrified the Northwest.

"BPA played a significant part in electrifying this region," said Barnes.

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## TBL nearing decision on rate case announcement

For the first time ever, the Transmission Business Line will conduct its own rate case for service effective Oct. 1, 2001. For several months, through a series of town hall meetings and other conferences, TBL has been asking customers and constituents when they want the rate case to occur, what products should be offered and the period of time for which rates should apply.

Based on these comments, TBL has made some tentative decisions on when the rate case will occur and how it will be structured:

- TBL intends to publish an initial proposal in February or March, 2000 with a final record of decision in November or December 2000.
- With the issuance of a FERC NOPR, which anticipates the formation of Regional Transmission Organizations by Dec. 15, 2001, TBL is viewing this rate case as an interim step to bridge the gap between the expiration of current rates and RTO formation. Therefore, it will propose minimum changes to current rates and tariffs, consistent with recovering costs and meeting customer needs, for a two-year period.
- TBL will not propose the zonal Firm Transmission Right approach described in customer meetings. The development of this type of tariff is best addressed in the RTO formation process.
- TBL is trying to develop a tariff that facilitates system purchases. A customer meeting to discuss the framework for rates is being set for mid-August.

Some customers asked TBL to conduct a rate case at the same time as Bonneville's Power Business Line so they can know what transmission rates are before making power subscription decisions.

However, in deciding when to start a rate case, TBL had to consider a

number of factors, not the least of which is a volatile political climate that may soon result in formation of regional transmission organizations.

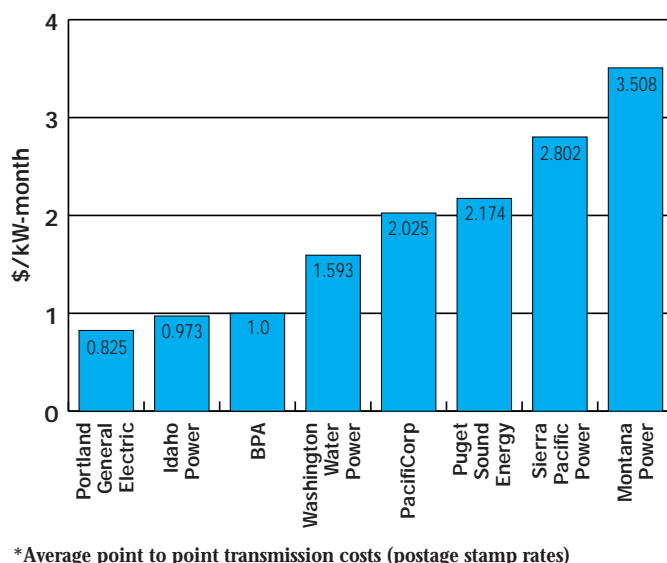
"There are and have been a lot of things going on with transmission in the nation's capitol and in the region," said Dennis Metcalf, director of tariffs for TBL. "At one time we were having a conversation about forming a regional IndeGO, but even as that collapsed we knew there would be other ideas for regional organizations to discuss."

In addition, there is a federal legislative proposal that would apply the Federal Power Act to TBL ratemaking and that would affect the rate case, Metcalf said. TBL tariffs are reviewed now by FERC under standards set by the regional power act, which are somewhat different than standards for investor-owned utility transmission systems. With the new legislation, however, TBL would be reviewed under the same standards as IOUs.

"What if we got to the end of the rate case and FPA conformance passed and we had already developed rates under the wrong standards?" Metcalf asked.

The imminence of some type of legislation or rulemaking that will change the way TBL does business is one of the reasons the organization

### Open Access PTP\* Tariffs



Source: FERC Filings, Web Pages

TBL's transmission costs, historically among the region's lowest, will be reviewed in an upcoming rate case. With changes to tariffs effective October 1, 2001, TBL believes it will continue to be ranked among the lowest cost regional transmission providers.

has not jumped directly into a rate case. The other reason is that there is a tremendous amount of cost and revenue risk that at this point is still uncertain.

"What we did do was embark on a process of talking with customers, state government agencies and the Northwest Power Planning Council, Metcalf said.

In these meetings, TBL posed four alternatives:

- a. FERC pro forma tariff, which is very similar to what TBL operates under today;
- b. current tariffs, but adopt a surcharge;
- c. an alternative similar to the pro forma tariff, but adopt a third service called a Network Contract Demand;
- d. a pricing system similar to an Independent System Operator.

"Alternative b would not make any changes in the terms and conditions

continued on page 3

of our tariffs, but it would add a surcharge to cover a change in price,” Metcalf explained. “In this way, we wouldn’t take a lot of time in ratemaking just in case it would be overtaken by the RTO process.”

The Network Contract Demand (alternative c) allows for system sales where the energy being transmitted is not from a specific power plant, but instead from a system of power plants. For example, many customers are considering buying “Slice” from the PBL, which is a flexible power product. Those who buy that product will also want a flexible transmission tariff to go with it, Metcalf said.

These customers and others will be reluctant to be tied to demand levels at a particular point of interconnection, Metcalf explained. Instead, they would like flexible firm rights to transmission from a system of resources. The point to point tariff doesn’t allow that kind of flexibility, but FERC has approved Network Contract Demand for Florida Power as a third alternative.

“We are still trying to develop an approach that facilitates system purchases,” Metcalf said. “We are considering either adding additional flexibility to the PTP tariff, or offering a third more flexible tariff, in addition to the pro forma PTP and NT tariffs.”

The fourth alternative is to go to a pricing system like that offered by ISOs. Metcalf said they tend to have a load-based access charge to cover fixed costs.

“This access charge allows you to transmit power anyplace on the system. But to have a firm right to go across a flowgate you’ll need a firm transmission right, something that requires bidding and trading,” he said. A flowgate is an interface where transmission is in short supply, such as the northern intertie’s connection with B.C. Hydro.

“This alternative has the potential to

send correct price signals about location, generation and load,” Metcalf said.

He said that while a lot of people expressed qualified support for the

fourth alternative, they thought Bonneville should work with the region to develop a similar structure as part of forming an RTO. ■

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## *Customer-friendly billing in the mail*

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Customers want faster, more accurate bills. A 1998 survey spelled out many ways TBL could improve its billing process.

TBL took those comments in stride and began making changes.

“Transmission and power separated administratively quite some time ago,” said Suzanne Anker, BPA supervisory public utilities specialist. “But billing by business line began with the February bills. Up until then, we used a consolidated bill that caused us, and our customers, significant problems with lag time.”

Anker explained that scheduling data from the two sources arrived at different times during the month. However, with the consolidated bill, BPA could only send out the final bill when both business lines had final data. That meant that customers often received estimates at the beginning of the month that were considerably different than the final or revised final bill they received later, she said.

Now, TBL is processing all payments to customers the first of the month.

“For example, if BPA leases a substation from a customer,” said Anker, “we would pay the customer before they receive their bill from the PBL. This should help their cash flow.”

The billing information system adds to TBL’s billing data presentation as well. Meters are read and information is deposited on TBL’s Internet site by 8 a.m. The site is password-protected so user data is confidential.

“Customers can now download 75 days of electronic information,” said Anker. “Before, they would have received this information in hard

copy. Now, the customer can have that information readily available for their own system in electronic form.”

A limited number of customers are still receiving hard copies, Anker said, but the TBL would like to transition to a paperless system. Billing personnel hope the new electronic format will be well-enough accepted to accomplish that goal.

Along with Internet access, total transmission system load information is available. While customers access their own information, they can also acquire total system load figures specially suited to their needs since their own bills are based on system peaks.

“Customers can pinpoint any month’s peak day, link those numbers to their own data, sum up their readings for that day and derive the basis for their billing,” says Anker. “They can figure out how individual loads on their system contribute to the whole, allowing them to better analyze their data for estimating and plan much further ahead.”

Transmission System Peak Load is available on the Internet at:

<http://www.transmission.bpa.gov/orgs/opi/index.shtm>

You can reach the billing information system through the link on the sixth line item or by typing in <http://secure.bpa.gov/Transmission/tmb/>

Anker knows new systems always encounter unexpected problems and hopes customers will be patient while the bugs are worked out.

She encourages customers to submit feedback to her by e-mail at [Sganker@bpa.gov](mailto:Sganker@bpa.gov). ■



## Fiber Optics — continued from page 1

"All communities now have electricity, but many don't have access to state of the art communications and so can't grow economically. Our ability to build fiber optic circuits is another significant contribution to the region."

Fiber optic technology that provides the means for large business phone systems, high-speed computers, e-commerce and video conferencing is a fact of life for many larger Northwest cities. However, it is not always available in rural areas where the low number of users per mile makes the cost of fiber optic installations too expensive for local telephone providers. This agreement is the first step in the Northwest to put rural areas on par with the more heavily populated urban areas.

Construction began in June on the \$12 million Oregon coast fiber optic line, from Eugene to Florence, Ore. and then down the coast to near Coos Bay. When completed in September, the cable will provide as much as 2,000 times more communications services to Oregon coastal communities than is now available.

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**"BPA played a significant part in electrifying this region. All communities now have electricity, but many don't have access to state of the art communications and so can't grow economically."**

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Workers will install the fiber optic cable on existing BPA transmission lines along the 108-mile route. While BPA will use most of the cable's capacity (144 separate strands of glass fibers) to operate part of the Northwest transmission grid, the agreement sets aside 12 of the fibers for communities. Coast Net will provide the equipment to activate the "dark" fiber and extend



*BPA uses fiber optics to operate the transmission system. It makes excess fibers available for public benefits, such as economic development in rural areas. Consortiums find ways to "light" the excess fibers and extend them to their communities.*

modern communications services to the communities along the route.

Coast Net is a non-profit competitive local exchange company, borne from deregulation in the telecommunications industry, and delegated by Lincoln County to help develop local economies.

BPA uses its communication system to operate and control the Northwest power grid. This separation from commercial telephone systems is one way to maintain transmission reliability.

TBL places fiber optic cable on transmission facilities and leases or loans the excess fibers. But the commercial buyers, such as Coast Net, must then install cable to extend fiber from the grid to their sites and they must "light" the leased fiber, provide operational huts and terminal equipment.

"One of the beauties of fiber optics and a way for communities to afford its benefits is its scaleable nature," Barnes said. "As long as the backbone is there — the fiber — communities can put in less expensive terminal equipment now and expand later to get more carrying capacity."

Two other fiber optic projects are

also in the works. A line will link Olympia with Aberdeen, Wash., and is especially needed to serve the communications requirements of new businesses at the Satsop redevelopment site. TBL is also negotiating with the Washington PUD Association in a similar arrangement to provide two fibers to areas of rural Washington. Once these project are completed, BPA will have a little more than 2,000 miles of fiber optic cable strung along its transmission lines in the Northwest. ■

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**The Transmission Business Line is scheduled to host a region-wide fiber optic symposium Sept. 21 - 23. The symposium will focus on both the technical aspects of fiber optics and the business side, with case studies of alliances and consortiums, along with regulatory considerations. More information about the symposium will be available later in the summer.**

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## FERC takes next step to form RTO

The Federal Energy Regulatory Commission issued a proposal to form Regional Transmission Organizations by the end of year 2001. The proposal leaves open how an RTO should be structured, but uses a series of incentives and disincentives to encourage their formation and to ensure standards that will result in an open and fully competitive power market.

The May 13 Notice of Proposed Rulemaking includes a timeline that has jurisdictional utilities (those under FERC's guidance) filing proposals to form an RTO or to demonstrate their efforts to participate in an RTO by Oct. 15, 2000. By Dec. 15, 2001, FERC intends for all RTOs to be functioning and will even set up regional workshops to facilitate their formation.

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*"This is a long-anticipated notice that at first blush is anticompetitive because it doesn't mandate RTO participation. However, it does use a series of carrots and sticks to strongly encourage full participation."*

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The NOPR makes it very clear that FERC's objective is to place the facilities of all transmission operators under the control of an RTO. FERC believes this step has many benefits and would lead to improved grid management and reliability, remove opportunities for discriminatory transmission practices, result in a lighter hand on regulation and lead to overall improved market performance.

Brian Silverstein, TBL manager of business strategy and assessment, said TBL is very enthusiastic about the proposal and generally supports the direction FERC is taking. He said an

initial reading causes some unease only in a few of the details.

"We've been looking for a forcing function to get the region back on track in forming an RTO," Silverstein said, alluding to the region's abandoned work to form IndeGO in 1998. "We're hoping this will be the impetus to get the region back together to talk. The timing is of special interest to us, because we need to put new transmission rates in place by October 2001."

In its NOPR, if regions have difficulty forming RTOs, FERC will bring together jurisdictional utilities and nonjurisdictional utilities — such as the Bonneville Power Administration and public power — along with state utility commissions in spring 2000 to facilitate an RTO formation.

"FERC hopes regions will form RTOs voluntarily, but it anticipates talks among transmission grid owners will be very sensitive and so is providing this facilitation to keep the process moving along," Silverstein explained. "The FERC timeline is very ambitious. RTOs must be functioning by the end of 2001, so FERC's help may be needed in some regions."

He added that FERC doesn't outline a lot of intervening steps forcing formation of RTOs, but he believes the carrots would definitely encourage jurisdictional utilities to participate.

One of those carrots is to allow utilities that turn over control of their transmission facilities to share in the benefits through incentive pricing. One way to do this, the NOPR says, is to give those owners a higher return on equity on transmission plant than under current policy. Other methods could be:

- to allow participating RTO transmission owners to keep all or some of the cost-saving benefits,
- to get an accelerated recovery for costs of transmission expansion and capital start-up costs,

- to allow a higher valuation of transmission assets on the basis of replacement costs,
- to allow greater flexibility in switching between non-levelized and levelized rate design.

On the other hand, FERC asks whether it would be appropriate to penalize non-participating utilities by denying them the right to obtain non-pancaked service, the ability to use market-based rates for generation services, or an approval of a merger proposal.

FERC seeks comments on all of these incentives and penalties, as well as on the design and characteristics of RTOs, public power participation and other design and policy issues. It encourages interested or affected parties to submit their comments by Aug. 16, 1999. The NOPR is available on FERC's web site on the Internet at [www.ferc.fed.us](http://www.ferc.fed.us), or TBL's account executives will provide a copy on request.

"We hope all of TBL's customers will read and comment on FERC's NOPR," Silverstein said. "In fact, if there is regional interest in doing so, TBL can collaborate with customers to provide joint comments."

Silverstein believes that would show regional cooperation and support of the RTO process. ■

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Send your letters and comments to your account executive or to "Access: Letters to the Editor," Bonneville Power Administration, Transmission Business Line — T-Ditt2, P.O. Box 491, Vancouver WA 98666; e-mail: [skblair@bpa.gov](mailto:skblair@bpa.gov)

## New tool answers questions, focuses policies

A new tool gives customers a voice in commenting on BPA's transmission capacity, while giving them the opportunity to ask questions and get an official TBL response, all at the same time and for all to see.

The Bonneville Power Administration's transmission capacity e-mail forum was set up in May as a response to customers who say they want higher quality information from the Transmission Business Line regarding its transmission capacity.

The forum is available to any customer, marketer or interested party and can be found on BPA's OASIS home page on the Internet at [www.transmission.bpa.gov/oasis/bpat](http://www.transmission.bpa.gov/oasis/bpat).

"The forum uses a list server, which is a relatively new technology that people feel can be an effective communications tool in any situation where all participants need to get exactly the same information at exactly the same time," said Mark Wilczewski, the forum list's owner. "The response from our customers has been excellent."



An introduction to list servers can be found on BPA's OASIS at: [http://www.transmission.bpa.gov/oasis/bpat/capacity/capacity\\_intro.html](http://www.transmission.bpa.gov/oasis/bpat/capacity/capacity_intro.html)

In general, the functional separation of transmission from power has made it more difficult for energy providers to get information regarding

transmission issues. Because of this, energy providers are attempting to get answers to transmission-related questions using whatever means are available to them. Unfortunately, a customer may potentially get more than one answer, a situation that can be both confusing and frustrating.

"The e-mail forum was created to provide our customers with one official TBL response, which they all receive at the same time," Wilczewski said. "With the list server, answers given by staff using the forum are the TBL's official response to questions or comments on transmission capacity. They are answers that can be counted on."

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**"Answers are the TBL's official response to questions or comments on transmission capacity. They are answers that can be counted on."**

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The list server is intended as a forum for subscribers to comment on or ask questions about TBL transmission capacity estimates as published on OASIS. It is not intended to be a discussion group for other topics, such as the TBL's upcoming rate case or TBL policy.

Wilczewski said the list server also gives BPA an opportunity to be more proactive with customers. TBL can send a message to subscribers asking them to take a look at the new capacity numbers shown on the OASIS web site. This is a very good way to get feedback, Wilczewski said.

Comments could change how TBL operates the system or manages its business. For example, TBL could move a planned outage to another day based on a well-reasoned request or comment from a subscriber.

Customers have even sent messages suggesting to BPA different perspectives on transmission capacity. Some, Wilczewski said, have shown BPA how to gain more capacity.

To participate and to receive others' e-mailed questions, participants must subscribe to the list server. Sign-ups have been steady. Participants are from public and private utilities, municipalities and consultants from all over the country.

Registered subscribers send an e-mail, typically a comment or question about transmission capacity posted on OASIS, to the list server at [capacity-L@list.transmission.bpa.gov](mailto:capacity-L@list.transmission.bpa.gov) and the server automatically generates the same e-mail to all subscribers.

At the same time, Wilczewski assesses the question and assigns it to a TBL subject expert in scheduling, the operations technical staff or the outage office to officially answer the question. Only one subject expert receives the assignment, only one answer is generated and only one answer is distributed to the list. This eliminates any possibility of multiple, conflicting or confusing responses and, in effect, establishes official policy, at least for that one question.

There is also a way to communicate with the TBL privately, said Wilczewski. Customers can use the [bpaoutage@bpa.gov](mailto:bpaoutage@bpa.gov) e-mail address to ask questions containing market sensitive information. Although the answer will be made public to all at the same time, the sensitive information will be sufficiently masked so as not to compromise the subscriber's business.

All e-mails sent to the list are automatically archived and available for retrieval. Anyone, regardless of participation on the forum list server, can access these archives at: <http://www.list.transmission.bpa.gov/archives/Capacity-L.html> ■



## FERC upholds TBL open access tariff

The Federal Energy Regulatory Commission recently approved a change to Transmission Business Line's open access reciprocity transmission tariff and ruled against Enron Power Marketing in its complaint that the Bonneville Power Administration violated standards of conduct in a transaction earlier this year.

The issue began with Section 12.7(c) of the tariff, which allows a "shaped service" option in the first year of a long-term firm transmission service contract. A customer can use any number of kW in any month of the first year as long as it doesn't exceed the amount in the long-term agreement. TBL says this option allowed customers to grow into their long-term contract without having to pay for the maximum demand in the first year.

When TBL discovered early last year that it had offered a long-term contract to a customer that used more than its long term amount in some months of the first year, it decided in fairness to open a two-month window to offer the same service to other customers.

Bonneville's Power Business Line responded to that offer within five hours of it being posted on OASIS and Enron Power Marketing complained to FERC that SOC violations must have occurred for the PBL to respond so quickly.

"Enron argued that since PBL responded so quickly to the posting, it must have had advance knowledge of the offer," said Dennis Metcalf, transmission rates manager for TBL. "In fact, sworn affidavits point out that PBL employees simply watch OASIS more closely than others in the normal course of their business."

In rejecting Enron's complaint, FERC found BPA's evidence persuasive. "...These materials show that Bonneville is diligent in ensuring that its staff adheres to the functional separation

requirements of the Standards of Conduct." FERC ruled that, "Bonneville has implemented its reciprocity tariff consistently for all customers."

In the same order, FERC allowed TBL to remove the provision for shaping in the first 12 months of a contract for long-term transmission service.

"The shaping provision was intended for long-term service," Metcalf said. "We found that some customers would end up using this service seasonally by requesting long-term service on the southern intertie for 13 months, with large reservations in summer months

and very little during the rest of the year."

In its order, FERC said "Bonneville's decision to rescind this standard discount [referring to the 12-month shaping option] because it is being used in a manner that was not anticipated and has become unmanageable is within its discretion. Because BPA was never required to offer this option to satisfy the Commission's reciprocity condition, BPA's amended tariff satisfies FERC's orders. ■

## Ruth Bennett brings talents to TBL



A new face at the Transmission Business Line signals a desire for improved customer relationships and greater influence for account executives in representing the interests of customers.

Ruth Bennett accepted the post of sales manager for TBL, beginning her new duties May 17. Bennett said her primary focus is to work with the transmission organization and especially with TBL's account executives to further improve relationships, both with customers and with internal management.

"I want to make sure the information flows both ways as effectively as possible," Bennett said. "The AE's are our first line connection with customers. They must listen carefully to customers and help us incorporate customers' thoughts and needs into our business decisions."

The AE's must have some influence internally with upper management so they can adequately represent customers, Bennett said.

Bennett is not a stranger to many customers. She's worked at Bonneville's Power Business Line for five years and filled in as acting vice president of PBL Marketing and Sales for the past 1-1/2 years.

Bennett brings the experience to TBL of being one of the chief architects of the account executive concept at BPA.

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*"Communications is a two-way street. The job of our AE's is to listen to the customer, but also to represent the decisions and policies of the Transmission Business Line."*

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Bennett began with BPA 26 years ago in substation maintenance in Spokane, Wash. She has been senior administrative officer for engineering and construction, BPA materials manager, head of residential conservation programs and head of BPA's resource planning branch. She also worked in BPA's Washington, D.C. office where she served as liaison to the U.S. Department of Energy as well as congressional staffs. ■

# Transmission scheduling topic of conference calls

The Transmission Business Line has held several Town Hall meetings throughout the region to discuss topics of interest to its customers. One topic that customers raised in these meetings is the need for regular communication and discussion among cus-

tomers scheduling organizations about transmission scheduling practices. Customers and others who want to discuss TBL's scheduling practices will have three opportunities this summer and fall to dial into conference call discussions on the topic. Those

wanting to take part should dial 1-360-418-8200. Use password — 2583. The conference calls are set for:

- July 21, from 1:30 to 2:30 p.m.
- September 15, from 1 to 2 p.m.
- November 17, from 1:30 to 2:30 p.m. ■

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